



# Bureau of TennCare Policy Manual

<b>Policy No: BTC-Pol-Enc-200701-001</b>	
<b>Subject: NDC Submission for HCPCS</b>	
<b>Approval: Encounter Policy Workgroup</b>	<b>Date: 2-15-08</b>

**PURPOSE OF POLICY STATEMENT:** To clarify TennCare's position on the submission of encounters that must include the National Drug Code (NDC) for Physician administered drugs submitted on the CMS-1500/837P and UB04/837I format.

The Deficit Reduction Act (DRA) includes provisions regarding State collection and submission of data for the purpose of collecting Medicaid drug rebates from manufacturers for physician-administered drugs. Section 6002 of the DRA adds section 1927(a)(7) to the Social Security Act to require States to collect rebates on physician-administered drugs. Specifically, states have been instructed that "single source and Secretary-specified multiple source physician-administered drugs be submitted using National Drug Code numbers" in order for states to secure rebates for such drugs.

## **POLICY:**

In conjunction with the Deficit Reduction Act of 2005, TennCare requires all Physician administered drugs, submitted on the CMS-1500/837P and UB04/837I format, to be reported using NDC codes in conjunction with Healthcare Common Procedure Coding System (HCPCS) Codes (i.e. J codes).

## **Exceptions:**

- Vaccines for children which are paid as an administrative fee
- Inpatient administered drugs
- Radiopharmaceuticals unless the drug is billed separately from the procedure

## **DEFINITIONS:**

CMS – Centers for Medicare & Medicaid Services.

EDI – Electronic Data Interchange

HIPAA – Health Insurance Portability and Accountability Act.

NDC – National Drug Code

TCMIS – TennCare Management Information System

TennCare or TennCare Program – The program administered by the single state agency, as designated by the state and CMS, pursuant to Title XIX of the Social Security Act and the Section 1115 research and demonstration waiver granted to the State of Tennessee and any successor programs.

## PROCEDURES:

Encounters must include the following information on the 837 for drugs administered:

Data Element	837 Loop	Companion Guide Name	837P Segment	837I Segment
Drug Ingredient Billed Amount	2400	Line Item Charge Amount (Unit Price)	SV102	SV203
Unit of Measure	2400	Unit or Basis for Measurement	SV103	SV204
NDC Quantity	2400	Quantity	SV104	SV205
	2410	Product or Service ID Qualifier	LIN 02	LIN 02
NDC -11 digit level	2410	National Drug Code (NDC)	LIN 03	LIN 03
Drug Ingredient Paid Amount	2430	Service Line Paid Amount	SVD02	SVD02

The Deficit Reduction Act (DRA) of 2005 contains a requirement for state Medicaid agencies to obtain information claim information for physician administered drugs. The required information includes NDC, quantity and unit of measurement. Note that in addition to these requirements that unit price is a required 837 field. TennCare issued instructions in early 2007 that became effective for services billed on professional claim forms (837P or CMS1500) on or after July 1, 2007. Instructions for services billed on institutional claim forms (837I or UB04) on or after April 1, 2008 were issued on September 18, 2007. Those instructions are contained within this document.

The X12 837 Institutional (837I) and Professional (837P) claim formats support the reporting of the required drug information in the 2410 loop which can be repeated up to 25 times to match how NCPDP retail pharmacy claims support the reporting of compound drugs and their components. The unit price(s) should match the charge for the service line (Loop 2400) to which the 2410 loop and its potential multiple iterations are subordinate. Thus for reporting a single NDC the price (CTP03 data element) should equal the SV102 (837P) or SV203 (837I) and when reporting compound drugs the sum of the CTP03s of multiple iterations of the 2410 should equal the service line charge.

When billing using the CMS1500 paper claim form the NUCC has issued instructions to report the drug information in the upper half of Box 24 beginning with the N4 qualifier (from the 837) immediately followed by the 11 character NDC followed by three spaces followed by the unit of measurement qualifier (F2 - International Unit, ML - Milliliter, GR - Gram, or UN - Unit) followed immediately by the quantity. The NUCC Instructions Manual includes the drug

description following the NDC but this is not a TennCare requirement. These instructions basically follow the 837P with Box 24 being specified and the number of spaces between the NDC and the unit of measure qualifier.

The NUBC issued instructions for the reporting of the required drug information on the UB04 paper claim form on December 8, 2007. Those instructions are similar to the CMS1500 and use Form Locator 43 of the UB04 document. The reporting incorporates utilizing the N4 qualifier followed by the 11 character NDC followed by the unit of measurement qualifier (same as used in the 837I, 837P and CMS1500) followed immediately by the quantity. TennCare has adopted this standard and will require this information to be reported on all UB04 claims with a date-of-service on or after April 1, 2008.

The drug information is still required on a claim even if Medicaid is a secondary or tertiary payer. Therefore, the drug information must be present on all claims except those excluded by the DRA. The NDC number is not required for vaccines nor for inpatient services or radiopharmaceuticals unless the drug is billed separately from the procedure. Effective for dates-of-service on or after July 1, 2007 for 837P/CMS1500 and April 1, 2008 for 837P/UB04 providers must bill with the appropriate NDC number and supporting fields when billing for a drug.

Each J-code submitted must have a corresponding NDC on each claim line. If the drug administered is comprised of more than one ingredient (i.e. compound drugs, same drug different strengths, etc.), each NDC must be represented. For the same drug with different strengths the J-code should be repeated as necessary to cover each unique NDC. For compound drugs each NDC should be represented via repeating the appropriate NDC or utilizing the compound drug section of the claim which ever is appropriate for the given claim form.

A valid NDC must be used on all J-code drugs. To be considered valid, a NDC must be present in the correct field, in the correct format, using the 5-4-2 HIPAA standard 11-digit code, and be found on TennCare's drug file. TennCare receives and updates a drug list from First Data Bank on a weekly basis.

Some NDCs are displayed on drug packaging in a 10-digit format. Proper HIPAA billing of a NDC requires an 11-digit number in a 5-4-2 format. Converting NDCs from a 10-digit to an 11-digit format requires a strategically placed zero, dependent upon the 10-digit format. The following table shows common 10-digit NDC formats indicated on packaging and the associated conversion to an 11-digit format using the proper placement of a zero. The correctly placed additional "0" is in a **bold font and underlined** in the examples. Note that hyphens indicated below are used solely to illustrate the various formatting examples for NDCs. **Do not use hyphens when entering the actual data in a claim.**

Converting NDCs from 10-digits to 11-digits:

10-digit Format on Package	10-digit Format Example	11-digit Format	11-digit Format Example	Actual 10-digit NDC Example	11-digit Conversion of Example
4-4-2	9999-9999-99	5-4-2	<u>0</u> 9999-9999-99	0002-7597-01 Zyprexa® 10mg vial	<u>0</u> 0002-7597-01
5-3-2	99999-999-99	5-4-2	99999- <u>0</u> 999-99	50242-040-62 Xolair® 150mg vial	50242- <u>0</u> 040-62
5-4-1	99999-9999-9	5-4-2	99999-9999- <u>0</u> 9	60575-4112-1 Synagis® 50mg vial	60575-4112- <u>0</u> 1

UB04 instructions when billing for a drug.

1. Report the required drug related information in **form locator 43**
2. Enter the NDC qualifier of N4, followed by the 11-digit NDC number and the unit of measurement followed by the metric decimal quantity or unit. Do not enter a space between the qualifier and NDC. Do not enter hyphens or spaces within the NDC number. The NDC number being submitted to TennCare must be the actual NDC number on the package or container from which the medication was administered.
3. Enter the NDC unit of measurement code and numeric quantity administered to the patient.
4. Enter the actual metric decimal quantity (units) administered to the patient. If reporting a fraction of a unit, use the decimal point. The unit of measurement codes are as follows:
  - a. F2 - International Unit
  - b. GR - Gram e.g. 15 milligrams is equal to .015 grams
  - c. ML - Milliliter
  - d. UN - Unit

CMS1500 instructions when billing for a drug.

- 1) Box 24a
  - a) Unshaded area: Enter date of service in the block, MMDDYY.
  - b) Shaded area: Enter the NDC qualifier of N4, followed by an 11-digit NDC number. Do not enter a space between the qualifier and NDC. Do not enter hyphens or spaces within the NDC number. The NDC number being submitted to TennCare must be the actual NDC number on the package or container from which the medication was administered. The NDC description is optional data that may follow the NDC number.
- 2) Box 24d

- a) Unshaded area: Enter the 5-digit CPT-4 or HCPCS procedure code that describes the procedure performed. If service provided requires modifier(s), enter up to 3 modifiers in the column(s) provided following the CPT-4 or HCPCS code. If more than 3 modifiers apply, enter modifier 99 first.
- b) Shaded area: (note this shaded area is a continuation of the area above 24a through 24h): Enter 3 blank spaces from the end of the character string from 24a above then enter the NDC unit of measurement and numeric quantity administered to the patient. Enter the actual metric decimal quantity (units) administered to the patient. If reporting a fraction of a unit, use the decimal point. Nine numbers may precede the decimal point and three numbers may follow the decimal. The unit of measurement codes are as followed:
  - i) F2 - International Unit
  - ii) GR - Gram                      e.g. 15 milligrams is equal to .015 grams
  - iii) ML - Milliliter
  - iv) UN - Unit

**REFERENCE DOCUMENTS:**

Deficit Reduction Act of 2005

TennCare HIPAA EDI Companion Guides <http://www.state.tn.us/tenncare/HIPAA/EDI.htm>

**OFFICES OF PRIMARY RESPONSIBILITY:**

- TennCare IS Division—to ensure that encounters are submitted to TennCare in the approved format
- Information Systems Management Contractor – to process encounters through the TCMIS system
- MCCs - to follow transaction requirements